

HB 209, Page 2 of 2 ANALYSIS"An Act relating to pharmaceutical medical assistance for needy persons"FY86 Governor Request

	<u>GF</u>	<u>TOTAL</u>
General Relief Medical	10,769.1	10,769.1
Remove Pharmacy	<u>[2,500.0]</u>	<u>[2,500.0]</u>
GRM Balance	8,269.1	8,269.1

	<u>FED</u>	<u>GFM</u>	<u>I.A.</u>	<u>TOTAL</u>
Medicaid	32,909.5	33,696.5	633.3	67,239.3
Add Pharmacy	<u>1,150.0</u>	<u>1,100.0</u>	<u>-0-</u>	<u>2,250.0</u>
Medicaid Balance	34,059.5	34,496.5	633.3	69,489.3

Move prescription drugs from General Relief Medical Component to Medicaid Component. This would result in a savings of \$1,400.0 in State General Funds: (2,500 General Relief Medical GF less the required GFM for Medicaid of 1,100.0). Medicaid funds would become available at a 50/50 ratio. However, attendant to the federal funds would come mandatory federal regulations defining which pharmaceuticals are allowable and the prices to be paid for each, which would result in a program reduction of \$250.0 paid for prescription drugs.

6% is assumed as annual inflation for prescription drugs.

February 18, 1985

No. 4

ADDRESS

by

THE HONORABLE FRANK MURKOWSKI

U.S. SENATOR

BEFORE A JOINT SESSION

OF THE

FOURTEENTH ALASKA STATE LEGISLATURE

FEBRUARY 18, 1985

JUNEAU, ALASKA

President Bennett, Speaker Grussendorf, Members of the State Legislature, ladies and gentlemen.

One of the more pleasant tasks I have as U. S. Senator each year is to accept your invitation and share with you activities in Washington, D.C. that affect our state and our nation.

-- I was a little concerned about the attendance at this joint session...It being a Monday and George Washington's birthday.

-- Back in Washington, D.C. they tend to take such holidays more seriously and take the day off. Most likely, only the clerk and the presiding senator are on hand to listen to the annual reading of George Washington's farewell address by the most junior senator.

-- I'm more fortunate than that person back in D.C.

-- I should thank the voters for passing the 120-day session limit.

The 99th Congress convened last month. Yet, so far, the bulk of what we've accomplished is to try and resolve who is serving on what committees and subcommittees.

Our organizational process in Washington has almost as much mystery and intrigue as it does here in Juneau -- and takes almost as long.

We do have a new slate of Senate leaders, including a new majority leader and a number of new committee chairmen. It is a matter of great personal pride that this session also marks my initiation as chairman of a full committee -- the Senate Committee on Veterans Affairs.

My Committee oversees the Veterans Administration, the largest independent agency of the federal government, employing as many people as half our state population (about 250,000) and an annual budget of 27 billion dollars.

This is an important committee for Alaska, since we have the largest per capita population of veterans in the United States -- nearly 65,000.

When Congress returns to work tomorrow much of our attention will be focused on the administration's recent budget proposals -- of which I will speak in a few moments.

We'll be addressing other issues, too, that concern Alaska. For example, in the Foreign Relations Committee, we'll be taking up two treaties of significant interest to Alaskans.

This Friday, I'll be chairing a hearing on the salmon treaty...the one we initialed with Canada a short time ago.

The State Department, our Governor's Office, and our fishermen did an effective job in reaching a compromise pact that will preserve our salmon stocks without unfairly penalizing our fishing industry.

An important provision of the agreement is the veto power. This will protect us on any issues we oppose.

We still have to work to restrict foreign fishermen from taking our salmon on the high seas. I am urging the State Department to use the leverage we have with the allocation of fish within our 200 mile limit. That leverage should be used to benefit Alaska fishermen.

-- The second treaty coming up is the fur seal treaty -- an agreement between the United States, Japan, Canada and the Soviet Union that prohibits the taking of seals at sea.

-- The treaty also permits the managed harvest of seals on the Pribilofs.

-- And that is, as I'm sure you know, a cause for much misunderstanding in the lower 48.

-- Senators are being bombarded with mail from their home states objecting to the renewal of the treaty.

(The Chairman of the Committee received 3000 letters in one week!!)

Well-meaning groups have confused the fur seal with the taking of the baby Canadian harp seal in Canada. They are unaware that the fur seal treaty has been the greatest conservation measure benefiting the seal population.

That only the excess bachelor seals are harvested.

To fail to reenact the treaty is the worst possible course and could well result in the decimation of the herds because they will be open to indiscriminate slaughter at sea.

I've been requesting help from our environmental community in Alaska to join with me in a national education effort, so that Alaskan fur seal will not end up on the endangered species list.

Other issues coming up include the reauthorization of the Clean Water Act and the Clean Air Act.

We're working closely with our pulp mills in southeast to assist them in furthering their production while still meeting the requirements of the law.

OCS revenue sharing is another issue that's before us again.

Our major effort now is to work with the White House and get their support. I believe we need OCS revenue sharing as a future income for Alaska.

-- In the Energy Committee we'll be taking up a number of items that concern land in Alaska.

-- Including submerged lands legislation that will forestall a great deal of needless litigation while putting an additional 780,000 acres of federal land into the hands of Alaskans.

-- We'll also be considering some changes to the Alaska Native Claims Settlement Act in that committee, primarily concerning the 1991 issue.

-- We'll be holding hearings on the 1991 issue later this year or early next year in Alaska and D.C.

-- Over in the Indian Affairs Committee, we'll be considering again the Indian Health Care Improvement Act.

-- It includes such things as authorization for the Hepatitis B Program, and funding for IHS Health Care Delivery in Alaska.

-- The bill passed Congress last year but was vetoed because of issues not affecting Alaska. I have co-sponsored the new bill, which does not contain the provisions which prompted the veto.

The Commerce Committee, on which Ted Stevens ably sits, will be considering reauthorization of the 200-mile limit bill which I mentioned earlier.

Working with Ted, I intend to propose several amendments....I believe we must use the leverage of this act to promote the fishing industry in Alaska.

We'll be considering other commerce issues, too, including highway funding formulas.

-- The Export Administration Act is still waiting in the wings for reauthorization. If we get it through this year, it will include my provisions mandating a study of the Alaska oil export issue.

-- And just so you'll know...the battle to get clearance to export our oil is as strong as ever.

-- There's a lot of behind the scenes negotiations taking place...and I've been involved in personal meetings with Prime Minister Nakasone and other Japanese, Korean, and Taiwanese officials...with maritime union leaders...and with other key players in this important Alaska issue.

-- We're endeavoring to build a broad coalition of support for exporting Alaska oil...and other resources.

We're making headway...just last Wednesday, our country's trade ambassador Bill Brock told the Japanese that the Administration will be working to get Congress to change the law so Alaska oil can be exported to Japan.

When I get back to Washington, I'll be debating Congressman Stuart McKinney on this issue before the National Conference of State Legislatures. It's an important forum, because I believe we need the help and understanding of other states in this fight.

That's a quick run-down of some of the Alaska issues I see coming up this Congress.

Of course there's one national issue that affects every state including Alaska....the level of federal spending.

-- We are all challenged with a very real problem.

-- At home...around our state...and across our great nation. It is a problem we must all work to solve because it works against all of us 24 hours a day...every day of the year...and it takes no holidays or recesses.

-- That problem is the deficit.

-- The size of the deficit - forecast in the President's own budget message is 180 billion dollars but only if cuts of 40 to 50 billion are made.

-- Are we willing to make the sacrifices to reduce the rate of deficit growth? If we don't do it now it may be too late.

-- Today the annual interest on the national debt of 1.6 trillion is 153 billion. This means 18 cents of every dollar the government spends goes for interest on the debt.

-- It creates no new jobs, or no services.

If the size of the deficit continues to grow, next year the interest alone on the total debt will be nearly as much as next year's projected deficit.

-- The administration has acknowledged it can't send a balanced budget to Congress. Cuts of 220 to 240 billion dollars just can't be made at one time.

-- There is no magic. We either increase taxes or cut the rate of growth of federal programs.

-- Some suggest the answer is to raise taxes. I join with the President in opposing this.

-- I'm not convinced if taxes were raised that government would pay down the existing debt.

-- Rather I think government would just go on spending -- that's been the rule so far.

-- And to take away money from the citizens by increasing taxes will bring our economic recovery to a standstill.

-- The good news is that more people are employed in the U.S. today than ever before and prime interest rates are down from 20 1/2% in 1980 to 10 1/2% today. Inflation has been reduced from 11% in 1980 to 3.8% -- the lowest in 18 years. But this has not been enough...

-- Tough times are ahead and they will be felt by the reduction of federal dollars coming to Alaska as well.

-- I intend to work toward the goal of freezing federal spending, and actually attempting to reduce the deficit by 40 to 50 billion this year.

-- I think a majority of Americans agree that Congress must work to attain that goal.

Our challenge begins when we sit down at the conference tables around Washington to determine where and how the cuts will be made.

No one wants to cut programs that are necessary to help people in need, but reductions have to be made somewhere.

One of the places being looked at is the military budget -- up 5.9 percent. The issue is controversial.

-- Some believe if we freeze the defense budget, it would force the elimination of waste and duplicity which exists in the Defense Department just as in other branches of government.

-- Another proposal is to cut back the support forces -- not the front line defense -- to a 90 percent level.

-- Defense makes up about 30 percent of government outlays and must bear the scrutiny of close congressional examination.

-- Congress is going to review the Administration's recommendations closely as the budget goes through our committee process.

-- My approach to this process is to involve those affected as much as possible.

-- For instance, in the veterans area I've asked the various interest groups to identify the programs and funding which is most essential to veterans.

-- I will be fighting to make sure that any reductions in the federal budget are fair and equitable, and that Alaska will not be expected to shoulder more of a burden than any other state.

-- That may not be easy, but it's a battle that Senator Stevens, Congressman Young and I will continue to fight.

-- However, circling the wagons and planning a defense isn't enough. We must look toward the future with bold imagination and careful planning.

-- We Alaskans have long recognized that our economic destiny is tied to the countries of the Pacific Rim.

-- On numerous occasions I have joined groups of Alaskans in promoting Alaska resources with trade missions to Japan, Korea, China and Taiwan. These efforts have paid off.

-- Alaskans are doing more and more trade business each year. I'm pleased to see the commitment of our Governor to establish a trade advisory group and the Pacific Trade Conference this fall.

-- Likewise I commend the Legislature to establish a Joint International Trade Committee.

-- It all helps and will pay dividends in the future.

-- Before I left Washington the Department of Commerce announced that the trade deficit for 1984 was 123 billion dollars -- twice what it was in 1983.

-- Japan alone accounted for more than 35 billion of that deficit. For each billion dollars in manufactured items

which the world managed to import into the Japanese market last year, the Japanese exported back more than ten and one half.

-- The trade imbalance could be offset considerably, if Japan, Taiwan, and Korea would buy Alaska's coal, gas and oil.

-- And that leads us to another question.

-- If we are to develop our coal, gas, oil and other resources, how do we make the sound environmental decisions to proceed with development?

-- The decisions to develop the Red Dog, Green's Creek, and Quartz Hill mines....

-- Can we have safe outer continental shelf development?

-- Should oil exploration be allowed in our Arctic Wildlife Reserve?

-- Can we have this kind of development in Alaska without compromising our ecology and environment and most of all our Alaskan lifestyle?

-- Does every development scheme have to evolve into a battle between well-meaning environmental groups and those looking to diversify Alaska's economic base?

-- All too often the basis of indecision on both sides is suspicion of the other point of view and ignorance of the facts.

-- It has been said that the Alaska pipeline cost an additional billion dollars because we did not have the scientific knowledge at the time to know such things as the effects of a hot pipeline through permafrost.

-- That's why one of my first initiatives in the Senate was to propose the formation of a national scientific body that would help provide the knowledge we need to make informed decisions.

-- That was my Arctic science policy bill -- designed to be the vehicle to unlock our Arctic with sound scientific knowledge.

-- The President signed that bill into law last August. Now he is ready to appoint the five members of the Arctic Research Commission.

-- Within a few days, I expect the President of the United States to formally announce the appointment of the commissioners. I have been given the privilege of releasing those names.

Chairman of the Commission will be Dr. James Zumberge, President of the University of Southern California and a noted polar scientist.

Vice Chairman will be Dr. Juan Roederer, Director of the Geophysical Institute at the University of Alaska, Fairbanks.

The other three commissioners will include:

Mr. Oliver Leavitt, a leader among the Alaska Native community from Barrow.

Elmer Rasmusson of Anchorage, a prominent member of the Alaska business community.

And Dr. Lincoln Washburn, a leading Arctic scientist from the University of Washington.

I expect the five to be sworn into office sometime next month in Alaska.

-- This commission will help guide us in making sensible decisions about our resources and the future.

-- Consider:

-- If we want to have clean air to breathe and clean water, we need to know how to combat "Arctic haze" -- the industrial pollutants that drift into the Arctic air mass from industrialized areas in the Soviet Union and Northern Europe.

-- If we want to improve human health and living conditions in the Arctic, we are going to have to learn how to combat Hepatitis B - to design new building and engineering systems for Arctic housing and transportation systems.

-- If we want to protect our environment and fully develop our natural resources in a sensible manner, we need to fully understand the Arctic ecosystem.

-- If we are to provide for our own defense, we need to know how to teach our troops to survive, train, and fight in Arctic climates.

-- After all, our greatest potential adversary, the Soviet Union, is also our Arctic neighbor.

It is important to remember, however, that the focus of the Arctic Research and Policy Act is on national needs and objectives.

In some cases, national priorities may differ from the priorities of Alaskans.

Without question, we will benefit from the Arctic Research and Policy Act. But that effort alone is not enough for Alaska's needs.

-- We need our own effort, complementary to the national commission, but independent from it as well.

-- There is a group of people in our state who understand this, and they are quietly working toward the achievement of an exceptional future for Alaska.

-- I'm speaking of the University of Alaska Foundation and their supporters.

-- For the past several years the University of Alaska Foundation has been quietly seeking the means to achieve the brightest possible future for Alaska.

-- They call their project "The Alaska Research Development Project."

-- Their aim is to discover what Alaska needs to know about itself, its environment, and its people.

-- The Foundation recognizes we have the opportunity and the responsibility to critically investigate our resources, determine where we want to be fifty or one hundred years from now, and develop a coordinated, long-range effort to accomplish our goals.

-- This dedicated and inspired group of civic, commercial, and educational leaders has laid before us a challenge that cannot be ignored.

-- They have dared us to plan our future....

-- A draft report outlining research needs ranging from ice dynamics to the eradication of Hepatitis B is already being circulated among members of Alaska's scientific community.

-- That draft is a preliminary version of a report which will be available in a few months.

-- The Foundation is now planning where the report will lead us.

-- They have a number of ideas, including the establishment of a research institute.

-- This institute would focus exclusively on Alaska's needs and objectives rather than the national needs and objectives dominating the agenda of the Arctic Research Commission.

-- Clearly, there is a role for the state to play in the creation of this institute.

-- The University of Alaska Foundation has some great ideas, but they can't make them happen without your help.

-- I understand the Foundation will soon be presenting you with their plan. I know you will listen and act.

-- Alaska has a rare and enviable opportunity to plan for her future.

-- Let us join together by gaining the wisdom to ensure that future...for ourselves...our state...and our nation.

-- For the key to Alaska's future is knowledge.